LeMond Cycling, Inc. v. Trek Bicycle Corporation Doc. 139 Att. 17

ZASTROW EXHIBIT 65

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August 10, 2004

VIA FACSIMILE

Mr. Greg LeMond
LeMond Cycling
641 East Lake Street - Suite 204P
Wayzata, Minnesota 55391

Mr. Greg LeMond
3000 Willow Drive
Medina, Minnesota 55340

Re: Notice of Breach of Sublicense Agreement

Dear Mr. LeMond:

My firm represents Trek Bicycle Corporation ("Trek").

This is formal notice that your recent actions are in breach of LeMond Cycling, Inc.'s Sublicense Agreement ("Agreement") with Trek Bicycle Corporation ("Trek").

Section 13.02.01 of the Agreement gives Trek the right of termination if you take any action which damages or has an adverse impact upon Trek's business or goodwill. Among other things, this provision requires that you not make public statements that may injure the business or goodwill of Trek.

As you know, Trek has made substantial investments in the LeMond name and trademark, and has always been careful to protect the reputation and goodwill associated with that name. In exchange, Trek expects you also to protect that reputation and goodwill. When you harm the value of the LeMond name and trademark, you harm Trek. The same holds true for actions you take concerning Trek's other valuable business interests.

As you also know, Trek's Endorsement and Spokesperson Agreement with Lance Armstrong is one of its other valuable business interests. Mr. Armstrong's name, good public image and endorsement of Trek products are of substantial commercial value to Trek. Public statements concerning Mr. Armstrong's alleged use of performance-enhancing drugs damage Trek's business and goodwill, including the LeMond product line.

Recently, it came to Trek's attention that you made public accusations of performance-enhancing drug use by Mr. Armstrong. These statements have appeared on television, in newspapers and the trade press, and on the Internet. Further, you decided to make such statements during Mr. Armstrong's run for a world record sixth Tour de France title. When you made such statements, you were aware of Trek's concern that they would cause substantial damage to its business and goodwill. In 2001, following a discussion with Mr. Burke, you made a commitment to refrain from such statements and to honor your obligations under the Agreement. More recently, before your appearance on ESPN, and following the release of the book *L.A. Confidentiel*, Trek corresponded with Mr. Bluming and again asked that you refrain from such accusations because they harm Trek's business, including the LeMond brand.

During the past several weeks, Trek has received a large number of customer and dealer complaints concerning your accusations about Mr. Armstrong. Enclosed is just a sampling of complaints received to date. As you will see, the sentiment is overwhelmingly negative and detrimental to the business and goodwill of Trek. Trek continues to receive these complaints.

This is not a notice of termination. Rather, it is an invitation to begin discussions to determine whether the parties can work together to make arrangements for an orderly, mutual dissolution of their business dealings. Given the past good relationship between the parties, Trek would prefer to proceed in a manner which allows an orderly transition, protects the integrity of the LeMond brand, and assists you in making other arrangements to market the brand, should you wish to do so.

Trek has valued its long relationship with you, it regrets this turn of events, and it hopes to achieve an amicable resolution of this matter. However, Trek reserves all rights and remedies under the Agreement.

Very truly yours,

Loren H. Brown

LHB/jb
Enclosures

cc: Sidney D. Bluming, Esquire (via fax)
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